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Message Text

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51
ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 INRE-00 SSO-00 NSCE-00 USIE-00

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FEAE-00 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-03 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

FRB-03 PA-01 PRS-01 OC-05 CCO-00 AGR-05 XMB-02 IO-10

OPIC-03 ERDE-00 EUR-12 /120 W
---------- 019061
O 121735Z JUN 75
FM AMEMBASSY SANTIAGO
TO SECSTATE WASHDC IMMEDIATE 3569

C O N F I D E N T I A L SANTIAGO 3855

E.O. 11652: GDS
TAGS: EFIN, ENRG, CI
SUBJECT: GOC RESPONSE TO SECRETARY'S IEA PROPOSAL

REF: A. STATE 124719
B. STATE 126216
C. SANTIAGO 3732

1. SUMMARY: FOREIGN MINISTER MADE OFFICIAL RESPONSE BY LETTER TO AMBASSADOR, GENERALLY ENDORSING SECRETARY'S IEA/OECD PROPOSALS AND OFFERING SPECIFIC SUGGESTIONS ON COMPOSITION OF COMMISSIONS. CHILE WISHES REPRESENTATION ON ALL THREE. WE SUGGEST DESIRABILITY OF A CONTINUING DISCUSSION WITH CHILEANS ON POINTS AT ISSUE.

2. UPON RECEIPT REFTELS A AND B, AMBASSADOR LEFT LETTERS WITH TOP GOC OFFICIALS OUTLINING SUBSTANCE OF SECRETARY'S PROPOSALS, ALONG WITH COPIES OF SECRETARY'S STATEMENTS. AT AMBASSADOR'S LUNCHEON, SUBJECT REFTEL C, GOC ECONOMIC LEADERS SHOWED PARTICULAR INTEREST IN EXPLORING US
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INITIATIVES AS PROPOSED IN IEA SPEECH. IN JUNE 10

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LETTER FROM FONMIN CARVAJAL TO AMBASSADOR, GOC HAS
RESPONDED OFFICIALLY TO EMBASSY DEMARCHE. COPY OF
LETTER IN NEXT CLASSIFED POUCH JUNE 17. GIST OF
CARVAJAL LETTER FOLLOWS.

3. GOC IS IN GENERAL AGREEMENT WITH SECRETARY'S
EVALUATION OF SITUATION AND IS MOST INTERESTED IN
PARTICIPATING IN DIALOGUE BETWEEN DC'S AND LDC'S IN
SEARCH OF CONSTRUCTIVE SOLUTIONS. GOC IS FAMILIAR WITH
PROBLEMS INVOLVED, SINCE IT IS ONE OF THE COUNTRIES
MOST SEVERELY AFFECTED BY THE PETROLEUM
CRISIS, BY INSTABILITY IN PRICE OF AND DEMAND FOR
RAW MATERIALS IT PRODUCES, BY THE HIGH PRICE OF THE
FOODSTUFFS IT HAS TO IMPORT AND BY THE INCREASING
DIFFICULTIES OF OBTAINING ADEQUATE DEVELOPMENT FINANCING.
BY WAY OF ILLUSTRATION, SIMPLY TAKING INTO ACCOUNT EFFECT
OF PRICE INCREASE FOR IMPORTED OIL AND PRICE DECREASE
FOR EXPORTED COPPER, CHILE WILL THIS YEAR BE FACING A
NET REDUCTION IN FOREIGN EXCHANGE INCOME OF THE ORDER OF
$1.100 BILLION.

4. CHILE HOPES US WILL GIVE SPECIAL CONSIDERATION
TO THE POSITION OF LATIN AMERICAN COUNTRIES, WHICH GENERALLY
SPEAKING OCCUPY AN INTERMEDIATE POSITION BETWEEN DEVELOPED
ANDDEVELOPING COUNTRIES. CONSTITUING IN A SENSE THE
"INTERNATIONAL MIDDLE CLASS," THEIRSOURCES OF INTER-
NATIONAL DEVELOPMENT FINANCING HAVE BEEN REDUCED BY
RECENT IFI DECISIONS. FURTHER, CHILE IS ESPECIALLY
INTERESTED IN ARRANGING EFFECTIVE TRANSFERS OF
TECHNOLOGICAL AND FINANCIAL RESOURCES TO DEVELOP
ITS RAW MATERIALS AND ENERGY RESOURCES.

5. CHILE AGREES WITH USG PROPOSALS FOR THREE PERPCOM
COMMISSIONS AND DESIRES TO PARTICIPATE ACTIVELY IN
THEM. SUGGESTS FOLLOWING CRITERIA FOR PARTICIPATION
IN EACH COMMITTEE: (A) RAW MATERIALS: ONE ELEMENT
IN TERMINING WHO SHOULD PARTICIPATE SHOULD BE THE
INCIDENCE OF RAW MATERIAL EXPORTS ON BALANCE OF PAYMENTS
AND THE PERCENTAGE OF ONE OR MORE OF THESE PRODUCTS
INTOTAL COUNTRY EXPORTS; (B) ENERGY: INFLUENCE OF
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ENERGY COSTS ON BOP; (C) MSA'SC HERE THERE SHOULD BE
A BROADER CRITERION, TAKING INTO ACCOUNT INTER ALIA
DISTURBANCES IN BOP, DECLINE IN GNP, AND OBSTACLES TO
FLOW OF RESOURCES NEEDED TO MAINTAIN AND IMPROVE WELFARE
AND QUALITY OF LIFE, EXPECIALLY AMONG LOWEST INCOME GROUPS.

6. GOC DID NOT COMMENT ON PROPOSALS CONTAINED IN
SECRETARY'S OECD SPEECH.

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7. WHEN HANDING LETTER TO EMBOFF, ECONOMIC
ADVISER TO FONMIN REQUESTED EMBASSY'S FORMAL REACTION
TO GOC'S SUGGESTIONS PRIOR TO COB JUNE 13, WHEN HE WILL
BE LEAVING TOWN. UNLESS OTHERWISE INSTRUCTED, WE WILL
EXPRESS APPRECIATION FOR SYMPATHETIC SUPPORT VOICED BY
GOC BUT EXPRESS PERSONAL DOUBTS THAT CHILE COULD BE
REPRESENTED ON ALL THREE COMMISSION -- ASSUMING THEY
WERE ACTUALLY TO BE SET UP AS SUGGESTED BY USG.

8. COMMENT: WE HAVE TOLD OUR CHILEAN CONTACTS THAT
WE REGARDED OUR DEMARCHE TO THEM ON IEA AND OECD
PROPOSALS AS MERELY THE FIRST STEP IN A US/GOC
DIALOGUE DURING WHICH IDEAS CAN BE DEVELOPED AND
PERFECTED. ACCORDINGLY, IT WOULD BE HELPFUL TO US TO
HAVE SOME INDICATION OF PRESPONSES MADE BY OTHER COUNTRIES
TO OUR DEMARCHE, AND GUIDANCE FROM DEPARTMENT AS TO
WHAT WE SHOULD BE STRESSING AS WE DISCUSS WITH CHILEANS
NEW DEVELOPMENTS IN THE SEVERAL AREAS COVERED IN THE
SECRETARY'S SPEECHES.

9. IN THEIR PRESENT FRAME OF MIND,
CHILEANS WILL WE BELIEVE CONTINUE TO BE BROADLY SYMPATHETIC
TO OUR POINTS OF VIEW, IN OUR BILATERAL DISCUSSIONS. WE CAN
NOT AT THIS STAGE ASSUME, HOWEVER, THAT WHEN CHILEANS ARE
FACED WITH COLLECTIVE PRESSURES FOR LDC CONFORMITY IN
UN AND OTHER MULILATERAL FORUMS, THEY WILL MAINTAIN THIS
POSTURE.
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To: STATE
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